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Federal Communications Commission  
Office of Secretary

Before the  
Federal Communications Commission  
Washington, D.C. 20554

In the Matter of )  
 )  
Implementation of Infrastructure ) CC Docket No. 96-237  
Sharing Provisions in the )  
Telecommunications Act of 1996 )

**REPLY TO PETITIONS FOR RECONSIDERATION  
OF GTE SERVICE CORPORATION**

GTE Service Corporation ("GTE"), on behalf of its affiliated domestic telephone operating companies, hereby submits its Reply to the Petitions for Reconsideration filed in the above-captioned docket. In its Petition for Reconsideration, GTE requested that the Commission state that, if a third-party license is necessary to enable a qualifying LEC ("QLEC") to utilize any shared infrastructure, the QLEC is responsible for negotiating the licensing arrangement.<sup>1</sup> This reasonable approach will ensure that the licensing terms adequately cover each QLEC's needs.

As GTE noted, requiring the providing LEC ("PLEC") to negotiate with third party intellectual property vendors will put an unreasonable burden on PLECs. QLECs are in a better position to negotiate their own licenses because they will know how they intend to use the shared infrastructure and are more

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<sup>1</sup> Petition for Reconsideration of GTE Service Corporation, CC Docket No. 96-237 (filed Apr. 3, 1997).

familiar with their customer base. If PLECs attempt to negotiate a license on behalf of QLECs, they may not know all of the uses the QLEC will be planning for the shared infrastructure or how widely the QLEC expects to sell its services. In addition, the PLEC will not know what price and conditions the QLEC will find to be reasonable. Having the QLEC and the vendor negotiate directly will ensure that the QLEC obtains a license with terms that meet its needs.

The Rural Telephone Coalition ("RTC") suggests that the Commission has required only that "a PLEC at least ... approach the third party licensee [sic] to ask whether its license can be extended to cover the QLEC sharing arrangement on terms and conditions, including price, that reflect any economies, discounts or large customer breaks in its own licensing arrangement."<sup>2</sup> RTC continues by stating that the PLEC will not be disadvantaged by seeking this extension since the licensing fees will be passed on to the QLEC.<sup>3</sup> RTC misreads the Commission's Order. The Commission clearly states that, "[i]n cases where the only means available [for infrastructure sharing] is including the qualifying carrier in a licensing arrangement, the providing incumbent LEC will be *required* to secure such licensing by negotiating with the relevant third party directly."<sup>4</sup> Thus, the Commission's requirement is significantly more onerous than RTC describes,

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<sup>2</sup> Reply Comments of the Rural Telephone Coalition, CC Docket No. 96-237, at 5 (filed Apr. 30, 1997)("RTC Comments").

<sup>3</sup> *Id.* at 6.

<sup>4</sup> Report and Order, CC Docket No. 96-237, FCC 97-36, ¶ 70 (rel. Feb. 7, 1997)(emphasis added).

particularly because, although PLECs will be required to obtain the necessary licensing, third party vendors are not under any obligation to negotiate with PLECs. Even if RTC's interpretation of the Order were correct, PLECs may negotiate a licensing agreement with prices, terms, and conditions which would then have to be passed on to the QLEC even if the QLEC found the terms unacceptable.

RTC also suggests that it would be an unreasonable burden for QLECs to negotiate their own licenses because "[i]t would plainly not satisfy the infrastructure sharing mandate to require a QLEC to buy its own switch to acquire a requested functionality, install capabilities it seeks to share under a separate stand-alone contract with the PLEC's software supplier or contract individually with a manufacturer for the entire system necessary to provide SS7 signaling in its service area."<sup>5</sup> RTC misunderstands licensing requirements: a QLEC would only need to seek a license to use the relevant vendor's intellectual property contained in the PLEC's equipment. It would not need to purchase and install a separate system. The QLEC faces a much lesser burden in obtaining a license directly than a PLEC faces in somehow guessing at the QLEC's needs and negotiating the license on its behalf.

Finally, RTC argues that PLECs will be more likely to receive favorable licensing terms than QLECs.<sup>6</sup> This assertion is belied by the statements of

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<sup>5</sup> RTC Comments at 6.


<sup>6</sup> *Id.*

numerous vendors that they are ready and willing to work with any parties seeking licenses of their intellectual property.<sup>7</sup> Just as there is no evidence that incumbent LECs have any greater bargaining power vis-a-vis third party licensors than competitive LECs,<sup>8</sup> there is no evidence that PLECs have any greater bargaining power than QLECs. QLECs will have the same ability to negotiate with vendors as PLECs, and QLECs likely already have licenses from the majority of vendors with whom they will need to negotiate.

For the foregoing reasons, GTE urges the Commission to affirm that PLECs need not negotiate with third party licensors on QLEC's behalf.

Respectfully submitted,

GTE SERVICE CORPORATION, on behalf of  
its affiliated domestic telephone operating  
companies

By:   
Jeffrey S. Linder

Gail L. Polivy  
GTE Service Corporation  
1850 M Street, N.W.  
Suite 1200  
Washington, D.C. 20036  
(202) 463-5214

Suzanne Yelen  
WILEY, REIN & FIELDING  
1776 K Street, N.W.  
Washington, D.C. 20006  
(202) 429-7000

Its Attorneys

May 9, 1997

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<sup>7</sup> See Reply of GTE Service Corporation to MCI Petition for Declaratory Ruling, CC Docket No. 96-98, CCBPol 97-4, at 3-5 (filed May 6, 1997).

<sup>8</sup> *Id.* at 9.

**CERTIFICATE OF SERVICE**

I hereby certify that on this 9th day of May, 1997, I caused copies of the foregoing REPLY TO PETITIONS FOR RECONSIDERATION OF GTE SERVICE CORPORATION be served via first class mail, postage prepaid, on:

First Class Mail, postage prepaid:

Margot Smiley Humphrey  
Counsel for NRTA  
Koteen & Naftalin, LLP  
1150 Connecticut Avenue, N.W.  
Suite 1000  
Washington, D.C. 20036

David Cosson  
L. Marie Guillory  
Counsel for NTCA  
2626 Pennsylvania Avenue, N.W.  
Washington, D.C. 20037

Lisa M. Zaina  
Counsel for OPASTCO  
21 Dupont Circle, N.W.  
Suite 700  
Washington, D.C. 20036

Hand Delivery:

International Transcription Services (ITS)  
1231 20<sup>th</sup> Street, N.W.  
Washington, D.C. 20037

  
Suzanne Yelen